

# Fund Coverage Cost Guide

Maine Department of Environmental Protection

The Fund Coverage Cost Guide that follows is intended to give guidance regarding what will be considered for payment or reimbursement from the Ground Water Oil Clean-Up Fund on a site where an applicant has been found eligible for coverage by the Fund program, under 38 M.R.S.A. Section 568-A.

Only eligible cleanup costs will be paid. Maine statute provides that eligible cleanup costs are those direct expenses including expenses for site investigation that are necessary to clean up the discharge of oil to the satisfaction of the Commissioner, are cost effective, reliable and technologically feasible and effectively mitigate or minimize damages and provide adequate protection of public health, welfare and the environment. All remedial actions and their associated costs should be submitted in writing and pre-approved by Department personnel before the work takes place.

## 1) **Administrative Costs**

Administrative costs incurred in completing an application for fund coverage or reimbursement request and responding to Department requests and comments are not eligible cleanup costs.

## 2) **Aesthetics**

Restoration of those portions of the property affected by the investigation/remediation (excluding the areas of the tanks and piping) to their pre-discharge appearance is eligible for payment. Such restoration may include but not be limited to replacing fences, trees, lawns, etc.

Improvements to real and personal property beyond the condition existing prior to implementation of the investigation/remediation are not eligible for payment. **Note:** This section pertains primarily to discharges from USTs and outdoor ASTs. See the section on **Fixed Property** for information on the eligibility of costs associated with the removal and replacement of carpet, paneling, and other indoor items.

## 3) **Asbestos analysis, removal and disposal**

These are not eligible costs.

4) **Asphalt/concrete replacement**

This is an eligible cleanup cost only where existing pavement has been removed or damaged for the purpose of conducting investigation or remediation, or when an impenetrable surface is needed to minimize infiltration. Replacement in those areas of a site located above the removed tanks or piping, or expansion of asphalt/concrete areas are not eligible costs.

5) **Attorneys' fees**

Attorneys' fees are payable when incurred while undertaking a successful appeal to the FIRB.

6) **Backfill**

Clean backfill (bank run at the local rate) is eligible up to an amount equal to 115% of the amount of contaminated soils removed from the excavation. For soil measured by weight, a standard coefficient of 1.5 tons per cubic yard shall be used. Special materials such as pea stone that are used for the installation of new tanks are not payable unless at the bank run fill price up to the 115% limit when the new installation is in the existing excavation. In the event that crushed stone is needed as a base for repaving, only that portion placed beneath the area of the eligible pavement is eligible and at the crushed stone price.

7) **Contaminated groundwater removal from tank excavation**

When done solely for the purpose of installing new tanks, that is, the Department has **not** required removal, only the actual cleaning of the water (e.g., carbon filtration units or a similarly cost efficient means of treatment and disposal) will be approved for payment.

8) **Contaminated groundwater removal from the tanks**

This is not eligible except for that water that unexpectedly refills a tank after it is pumped out, and the tank remains in the ground and fills up with groundwater. (Note: This item can only be billed for **one** occurrence.)

9) **Contaminated soil disposal**

Costs associated with the disposal or treatment of petroleum contaminated soils (not determined to be hazardous waste) required to be removed by the Department, and in a manner pre-approved by the Department, are eligible. These include costs incurred by an applicant to construct and maintain a

Department approved land spreading operation (see #22) or other treatment system.

**10) Contaminated soils removed in conjunction with a new tank installation**

Costs associated with the removal of contaminated soils as a result of a new UST installation at a fund eligible site which cannot be returned to the excavation due to its contaminated nature are eligible for reimbursement. Eligible costs are limited to the trucking and disposal of the contaminated soils only.

**11) Damage**

Repair or replacement of sewer lines, water lines, electrical lines, telephone lines, fiber optic lines or other utilities, buildings, roads, yards, fences, trees or other property damaged due to the negligence of a consultant or contractor, is not an eligible cost.

**12) Decreased property value**

Loss of property value is not eligible.

**13) Discounts**

The Fund should receive the benefit of any discounts provided by a vendor and the Fund should only be billed at the discounted rate. Any amount billed which exceeds the discounted cost is not an eligible expense.

**14) Express mail and air delivery**

Unless specifically requested or pre-approved by Department staff, expedited or 'special' delivery of communications is not an eligible expense. Costs for shipments sent via regular mail or UPS ground are eligible expenses. The applicant or his representative may demonstrate that expedited responses and notifications are cost effective in the successful completion of a project, in which case faxes, express mail and air deliveries will be eligible.

**15) Filters**

In situations where it is not technologically or economically feasible to replace an applicant's water supply, the cost of purchasing filters to provide the applicant with potable water is eligible for coverage by the fund. Eligible costs are limited to the actual purchase and installation of the filters and ancillary equipment only.

**16) Fixed Property**

“Fixed property” includes carpeting, paneling, and other items that are at least semi-permanently attached to a residence or other structure by nails, tacks, adhesives, or similar means. Cleaning of oil contaminated fixed property is an eligible cleanup cost. If cleaning is not a viable option, then removal, disposal, and replacement of the oiled property are eligible cleanup costs. The amount of fixed property to be replaced should be minimized. For example, if only one wall of paneling is oiled, we would only pay to replace the paneling on that wall. If an adequate match with existing materials cannot be obtained, the applicant has the option to have all 4 walls rep paneled. However, eligible costs will be limited to 25% of the total costs (in the situation where only 1 wall out of 4 is oiled).

**17) Food, lodging etc.**

These are eligible costs only when an overnight stay is necessary by cleanup contractors and pre-approved by department staff. The maximum allowable per person must not exceed rates established by the State Controllers Office in the State of Maine Travel and Expense Reimbursement Policy. Costs of meals must not exceed the State rate for in state travel. Copies of all receipts must be provided for: lodging costs; meals; car rentals; taxi fares and parking charges over \$5.00; out-of-state tolls; and all telephone charges. The purchase of alcoholic beverages is not an eligible cost.

**18) Hazardous waste analysis and disposal**

Analytical costs are eligible cleanup costs if required for disposal of petroleum contaminated soils. If soils are determined to be hazardous, the cost for removal, transportation and disposal is not eligible.

**19) Hydrogeologic investigations**

Costs for pre-approved hydrogeologic investigations are eligible. Approval of a Work Plan or task is not tantamount to approval of all expenses incurred during its implementation. The Department may review line items for eligibility. Authority to exceed pre-approved costs must be obtained from the Department.

**20) Insurance settlements**

Costs paid or to be reimbursed to the applicant by an insurance company to the extent that they are duplicative, are not eligible for payment or reimbursement from the Ground Water Oil Clean-Up Fund.

21) **Interest**

Interest accrued on funds borrowed in association with the payment of cleanup costs or any other eligible expenditures are not reimbursable through the fund.

**22) Land spreading**

Use of an applicant's land for land spreading petroleum contaminated soil from his own site may be paid at \$10.00 per yard up to the deductible amount provided the land spreading is conducted pursuant to department instructions and the site meets the established criteria for land spreading contaminated soil. Permission to spread contaminated soil must be granted in writing by the property owner.

**23) Loss of income/business interruption**

These are not eligible expenses.

**24) Lump sum invoices**

Invoices billed as a lump sum are not eligible for payment. Invoices must be itemized in accordance with Department templates.

**25) Maintenance**

Pre-approved maintenance of Department approved investigation/remediation equipment is an eligible cleanup cost.

**26) Markups**

The primary or general contractor or consultant must perform corrective action work; i.e., the primary cannot simply serve as a "broker" and subcontract out all work.

Markups for materials and payments made to subcontractors that are not affiliates or subsidiaries of the general contractor may be considered for payment. Only the DEP or the General Contractor may retain subcontractors. No layered markups will be allowed (i.e., subcontractor in succession marks up an invoice). DEP reserves the right to require direct billing in order to minimize expenses for any subcontractual service or purchased supplies or equipment.

\* No markups will be allowed for soil disposal.

\* Markups must not be applied to direct charges by the primary (general) consultant/contractor.

\* Markups must only be applied to actual subcontractor costs paid by the primary contractor.

\* Only the actual amount paid for a subcontractor invoice can be marked up, not “list” or other artificial prices.

\* Markups up to 10% will be allowed for applicable project costs up to \$250,000. Markups up to 5% will be allowed for applicable project costs from \$250,000 to \$1,000,000.

**27) Mileage**

Mileage charges for automobiles and light duty trucks are limited to the maximum allowed by the State of Maine Travel and Expense Reimbursement Policy as of the date the travel is performed. Mileage charges for larger vehicles are determined on an individual basis.

**28) Miscellaneous or other expenses**

All expenses must be identified. Those billing categories such as “miscellaneous”, “office work” or “other” expenses will not be considered until adequate detail is provided.

**29) Overtime**

Allowance of overtime will be determined on a case-by-case basis. Overtime that is not pre-approved by Department staff will not be paid unless it can be shown that emergency conditions or extenuating circumstances justify working beyond normal hours, and doing so does not increase the total cost of cleanup. Normal working hours will be defined on a site-specific basis and will be based upon an 8 hour work day relative to the fund eligible project. (Note: Working more than 8 hours in a day is allowable as long as overtime rates are not charged without prior approval. The Department recognizes that the Industry Standard for contractors is 7:00 to 3:30.)

**30) Owner or operator’s time and materials**

Only those costs for investigation/remediation that are pre-approved are eligible and only if the owner/operator is deemed qualified to perform such tasks.

**31) Product Loss**

The cost of purchasing new product to replace the product spilled/leaked/discharged, as well as the value of the product actually discharged, is not eligible for reimbursement by the fund.

**32) Remediation systems**

Costs for installation and operation of approved remediation systems are eligible cleanup costs. Any costs incurred outside of the normal operating costs of the system must be pre-approved by the Department in order to be considered for payment or reimbursement.

**33) Rental equipment**

The total billable cost for rental equipment on any project (not including markup) shall not exceed 110% of the purchase price. Up to ten percent (10%) markup will be allowed for equipment rented by the contractor or consultant (see #26 – Markup). No markup is allowed for equipment owned by the contractor or consultant which is used on a fund eligible cleanup project.

**34) Reusable equipment or materials**

Reusable equipment costs will be considered by comparing average usable life to time on site. Materials (e.g., hammers, knife, screwdrivers, tape measure, coolers, etc.) which can reasonably be expected to be owned by consultants/contractors as tools of their trade will not be paid for.

**35) Stolen, lost, or damaged equipment or materials**

Items lost or damaged on site, or stolen from the site are the responsibility of the applicant and his agents and will not be replaced by the fund. (Note: The Department recommends that contractors and consultants maintain General Liability insurance to cover acts of theft and vandalism.)

**36) Structures**

Removal and replacement of structures will be considered for payment if necessary to clean up the site, not if necessary solely to remove tanks and piping.

**37) Tank and piping installation costs**

All costs associated with upgrading, retrofitting, repairing, or installing new tanks or piping are ineligible.

**38) Tank and piping removal costs**

These are not eligible for payment. They include, but are not limited to, the removal of liquid or sludge from tanks (see item #8 above for exception), the removal of associated piping, excavation and removal of soils necessary for removal or installation of tanks and associated piping (unless the soils are



contaminated, in which case only eligible contaminated soils will be covered), and the removal of aboveground structures necessary for the removal of tanks and associated piping.

**39) Telephone calls**

Labor costs for telephone conversations must be billed to the nearest 1/4th hour. (1 hour minimums, etc. will not be paid.) Corroborating telephone receipts may be required.

**40) Third party damage claims**

Payment of eligible third party damage claims filed with the Department up to \$200,000 per claimant per occurrence is eligible if the claims are generated by the covered discharge.

**41) Upgrading of Facilities**

No expenditures for the upgrading of facilities will be paid for by the Ground Water Oil Clean-Up Fund.

**42) Water supplies**

Replacement or treatment of contaminated or threatened water supplies as pre-approved by the Department is eligible. As stated previously in item # 15 above, the cost of purchasing filters in situations where it is not technologically or economically feasible to replace water supplies is also eligible.

**43) Work commensurate with qualifications**

Work performed at labor rates that are above the level of skill required will be paid for at a rate commensurate with the work performed. E.g., Hydrogeologist rates will not be paid for work that can be performed by a technician, unless it can be demonstrated that doing so is more cost effective.

**NOTE**

**This document is intended to be used as a guide by applicants, contractors and Department staff on sites where an applicant has been found eligible for coverage by the fund program. These guidelines are not rules of the Department and are not intended to have the force and effect of law. This document does not create or affect any legal rights or duties of applicants. Legal rights are determined under the applicable statutes and law. Questions concerning the guide should be directed to the Oil Remediation and Claims Unit staff by calling (207) 287-2651. All Department decisions denying payment/reimbursement of expenses may be appealed to the Fund Insurance Review Board.**

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